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DEPARTMENT PLEASE PASS TO NSC FOR ADAM STERLING

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SUBJECT: SHADES OF ORANGE: DIFFERENCES OF OPINION WITHIN
THE FIDESZ LEADERSHIP?

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI: REASONS 1.4 (B) AND (D)

¶1. (C) Summary: FIDESZ Party Vice-Presidents Mihaly Varga and Zoltan Pokorni voiced sharply divergent views on issues ranging from the upcoming referendum to the party's leadership structure in separate meetings with Ambassador Foley. As Orban's deputy, Varga largely voiced the party line; Pokorni, however, openly expressed his support for "more leadership choices" within the party. Their differences reflect the often-discussed (but rarely revealed) division between FIDESZ officials who remain loyal to Orban and those who believe the party may be outgrowing its founder. End Summary.

TALKING OUT OF SCHOOL

¶2. (C) A professor and former Minister of Education, FIDESZ Party Vice-President Zoltan Pokorni challenged conventional wisdom on a broad range of issues in a candid exchange with Ambassador Foley August 23. His comments contrasted sharply with remarks made by fellow party VP (and Orban Deputy) Mihaly Varga, who offered a more conventional take on issues he described as "well understood by foreign experts and observers" the following day.

THE REFERENDUM: ORBAN'S WAR (BUT NOT POKORNI'S FIGHT)

¶3. (C) Discussing the upcoming referendum, Pokorni commented that the issue presented a dilemma for FIDESZ in general and for Orban in particular. With objectivity bordering on detachment, he commented that if Orban "shies away from a fight" FIDESZ could lose what they have made the centerpiece of their political agenda; if he engages and the referendum fails, then "he cannot be a Prime Ministerial candidate." Pokorni remarked that Orban will likely look for others to lead the referendum effort in order to distance himself from the campaign and thus avoid the "risk of losing," contrasting this prospect with what he expects to be an active effort by PM Gyurcsany to contest the referendum. (Note: At one point reportedly in "negotiations" with Orban to lead the referendum effort, Pokorni made clear that he is not interested (and predicted that popular Debrecen Mayor Lajos Kosa would be similarly disposed. End Note.)

¶4. (C) Pokorni believes the MSZP will attempt to complicate the issues in the referendum in order to confuse the electorate. Conceding that the issues are "complicated enough already," Pokorni criticized his own party for "not deciding what game we are playing" politics or policy. Having built up the referendum as a means to remove the PM, he now sees FIDESZ backing down and casting the ballot as a means to mobilize its base and to highlight key issues. Even this presents risks in his view, as "only 5) 10 percent of Hungarian voters can be swayed," and FIDESZ "could lose as many as we gain." Meanwhile, he believes that the MSZP still

holds the initiative, as it can decide whether to contest the substance of the referendum questions or merely work to prevent the requisite 50 percent turn-out required to make the results official. He predicts that the government will "paint the referendum as a power-grab," once again using Orban to rally its supporters.

15. (C) In response to our question, he commented that using the referendum as a means to "hand the MSZP a reason to remove Gyurcsany" would be "wise." He indicated that many in the MSZP share FIDESZ's opposition to the government's current health care proposals.

BAD COP, NOW COMES GOOD COP

16. (C) In contrast, Varga has high hopes and did not view the referendum as a political dilemma for FIDESZ but rather an issue of democracy and a fundamental question of whether the government can do exactly the opposite of what it promised earlier. He said the referendum is not against the economic reforms, affirming his view that (unspecified) reforms are needed to restructure the economy. Moving forward, he said the party plans to start collecting signatures in the fall and is looking to hold the referendum in late winter 2007 or early spring 2008. Varga acknowledged, however, that the party did go too far on the questions and that we also make mistakes and sometimes choose the easier way. In doing so, he echoed previous comments made by FIDESZ faction leader Tibor Navracsics, who has expressed concern that "so many questions" will undermine the impact of the referendum.

FRIENDS DON'T LET FRIENDS FORM GUARDS

17. (C) Turning briefly to the Magyar Garda (septel), Pokorni BUDAPEST 00001377 002 OF 003

commented that Gyurcsany "could not have asked for a better issue to sustain him" than the "specter" of the Garda. "This is a political trap," he continued, "and we've fallen into it." "We must," he concluded, "find our way out as soon as possible." Varga commented that sometimes it is easier to fight our enemies than to have friends (Jobbik party) who sometimes are more difficult. He described the Garda as an unfortunate initiative and said they reached out to the original founders of the Jobbik party to tell them not to do this but were unsuccessful. Varga believes it would be much better if the whole situation never happened but so long as Jobbik follows the laws and regulations, they can file whatever they want. He said the government is calling attention to fake problems and that extreme right groups received only 1.5% support in the last election and so this initiative poses no threat to society. Lamenting that the government is using the issue to distract the public from focusing on the country's economic reforms, Varga views the government's reaction as more dangerous.

TIRED OF LYING IN THE BED ORBAN MADE?

18. (C) Pokorni's antipathy toward Orban) who he referred to consistently by title rather than by name - was evident throughout the conversation. He emphasized repeatedly that the party's best interests would be served by "having more leadership choices," noting that the MSZP has been "far more flexible" in its leadership decisions and commenting flatly that Orban could not expect to "completely centralize the party and escape responsibility for the consequences of his actions."

19. (C) That said, Pokorni was adamant) and in our view credible) in denying his own interest in higher office. Dead-panning that he "isn't qualified to be PM because I don't speak English, he also remarked that "you have to want the job) and love conflict) to be Prime Minister (and I don't."

BIOGRAPHIC NOTES

¶10. (C) Candid and cerebral, Pokorni is perhaps best known for his resignation as FIDESZ party president and withdrawal from the national stage in 2002, when allegations emerged regarding his father's role as a Communist informer. He has slowly worked his way back as an MP, Mayor of Budapest's exclusive twelfth district, and party VP, but the experience may explain his particular emotion as he noted that "we must find a way to do more than call each other fascists and communists." Remembered for his popularity with his students during his teaching career, Pokorni was frequently funny in his comments (he commented, for example, that anti-American sentiment is driven by the fact that "no one likes a smart beauty queen") but appeared almost completely stoic in conversation.

¶11. (C) While Pokorni withdrew from the national stage, Varga continued to rise in power as an MP from Jasz-Nagykun-Szolnok County eastern Hungary, serving currently Deputy Faction head in Parliament and Chairman of the Budget, Finance, and Auditing Committee. In the last FIDESZ Congress, Varga said he received the same number of votes as Orban and it scared Orban so much he appointed him Deputy.⁸ Despite this comment, Varga is regarded as close to Orban, and rarely strays from the party line. He is not fluent in English but he still tries to converse, even when the result is less than comprehensible. Meeting in his office around a small table with just a close aide, he appeared earnest and thoughtful in explaining his party's positions. As FIDESZ's leading voice on economic issues, he appears level-headed and recognizes that reforms are needed to restructure the economy. However, he provided no further details on what that would look like, and we are still left to wonder what alternative economic reform package FIDESZ has to offer.

COMMENT: BIPOLAR DISORDER

¶12. (C) Both observers and party insiders have long maintained that FIDESZ is more diverse than it appears from the outside. Even Orban has moved to increase at least the appearance that the party is based on broad input rather than the imposition of his views, and the emergence of new voices including Faction Leader Tibor Navracsics and Foreign Affairs Committee Chair Zsolt Nemeth attests to his willingness to let others take center stage on selected issues. That said, the ultimate question within FIDESZ is of proximity to Orban.

Key moderates, Pokorni and Kosa among them, appear to remain on Orban's periphery. As the fall political season approaches, they may be waiting for Orban to test the party's patience so that they can test the waters. End Comment.

BUDAPEST 00001377 003 OF 003

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